

COMMONWEALTH OF KENTUCKY
PROFIT OR LOSS ALLOCATION
(INTERNAL SERVICE FUNDS ONLY)

GENERAL

The profit or loss associated with sales made by internal service funds to other state agencies must be allocated back to the functions that benefited from the goods or services provided. Based upon the usage proportions of the internal service fund by state functions, the appropriate allocations can be calculated. This allocation is for CAFR reporting purposes only.

Statewide accounting services must be given the total sales made to each state agency during the year. Each agency to whom sales were made must be listed along with the total revenues received from that agency. Sales to state agencies should include all revenues recorded under revenue source codes R431 through R445. If you listed any charges to state agencies on AFR-72 be sure to include those on AFR-75 as they will be recorded as revenue. If you listed any deferred revenue on AFR-32 (revenues collected in advance for sales to state agencies), this amount is to be included on AFR-75 as a reduction to revenue.

In addition to allocating the profit or loss on sales to state agencies, GASB requires that any profit or loss associated with sales to the public be allocated back to the General Government. Therefore, please provide us with a written explanation of your agencies' pricing policies regarding any sales made to the public. For each revenue source code (R401 through R429), please provide the total revenue recorded as well as the expenses related to that revenue. If you reported any deferred revenue (revenues collected in advance) on AFR-32 related to sales made to the public, you must record those amounts as reductions to the total revenue collected. Be sure to designate which amounts were related to sales made to the public.

In the event your agency cannot provide the information requested above, please contact Kim Moore (Branch Manager of Financial Reporting) at (502) 564-7750 ext. 2156 for assistance.

Please submit the information requested for AFR-75 via e-mail to Kim Moore (Finance Controller's Office)

Detailed Instructions

AFR 75

Allocation of Profit/(Loss)

1. Enter the date the form is completed.
2. Enter the official agency name.
3. Enter the agency class/agency number.
4. Enter the fund name.
5. Enter the four-digit fund number.
6. Enter the account number charged including agency and revenue source.
7. Enter the revenue received from each agency and the revenue posted to MARS during FY 06. Include amounts posted to MARS.
8. Enter the amount reported on AFR72- charges to state agencies
9. Enter the amount reported on AFR 32- deferred revenue (revenues collected in advance)
10. Total the revenues across the form so that: revenues received *PLUS* amounts from AFR 72 *MINUS* Amounts from AFR 32 *EQUALS* Total Revenue from State Agencies.
11. Total each column and enter the amount at the bottom of the corresponding column. Calculate across like in step 12 to get the total amount of revenues from state agencies.
12. Give an explanation of your pricing policy for sales made to the public.
13. Give the revenue source used for sales to the public.
14. Indicate the total revenues received by the revenue source(s) listed. Record any deferred revenue (revenue collected in advance) as a reduction to revenue.
15. List the total expenses related to the revenues reported.
16. Enter the total profit/(loss) related to the sales: Revenues *MINUS* Expenses.
17. Enter the total of the Revenues, Expenses and Profit/(Loss) columns.
18. Enter the name of the person preparing the form.
19. Enter the telephone number of the person preparing the form.